

[23rd November 1963]

VI—ANNOUNCEMENTS—cont.

(4) THE MADRAS SUGARCANE CESS (VALIDATION) BILL, 1963.

MR. DEPUTY SPEAKER : I have to announce to the House that the President has given his sanction and the Governor has given his recommendation to the introduction of the Madras Sugarcane Cess (Validation) Bill, 1963, in the Madras Legislative Assembly.

IX—GOVERNMENT BILLS—cont.

(5) THE MADRAS SUGARCANE CESS (VALIDATION) BILL, 1963.

* THE HON. SRI P. KAKKAN : Mr. Deputy Speaker, Sir, I beg to introduce the Madras Sugarcane Cess (Validation) Bill, 1963, and move—

“ That the Bill be taken into consideration.”

Sub-section (1) of section 14 of the Madras Sugar Factories Control Act, 1949 (Madras Act XX of 1949), as it originally stood, empowered the State Government to levy, by notification, a cess on sugarcane, brought *into any area* specified in such notification for consumption, use or sale therein. The said section was enacted with reference to Entry 52 of the State List in the Seventh Schedule to the Constitution and the corresponding entry in the Government of India Act, which empowered the State Legislature to levy a tax on the entry of goods into a “ local area ”.

In Diamond Sugar Mills v. State of U.P. (A.I.R. 1961, S.C. 652) the majority of the Supreme Court decided that the proper meaning to be attached to the words “ local area ” in the said Entry 52 is an area administered by a local body like a municipality, a district board, a local board, a union board or a panchayat or the like, and that the premises of a factory was not therefore a local area. They accordingly held, that section 3 of the U.P. Sugarcane Cess Act, 1956, empowering the Government to impose a cess on the entry of sugarcane into the premises of a factory did not fall within the said Entry 52 and that as there was no other entry either in the State List or in the concurrent list permitting such Act, the Act was beyond the legislative competence of the U.P. State Legislature.

In the light of this decision, the Government examined the provisions of section 14 of the Madras Sugar Factories Control Act, 1949, and decided that the word “ area ” occurring in sub-section (1) of section 14 should be substituted by the words “ local area ” so as to bring that section into conformity with the decision of the Supreme Court. Accordingly, the Madras Sugar Factories Control (Amendment) Act, 1962 (Madras Act 1 of 1962), was enacted substituting the words “ local area ” for the word “ area ” in sub-section (1) of section 14 referred to above, replacing an Ordinance. The said Amending Act came into force on 1st March 1962, as Parliament had validated the levy and collection of cess